

To the Members of the California Assembly:

I am returning Assembly Bill 535 without my signature.

The creation of a narrow licensing law for nonprofit credit counselors is premature, in light of the regulatory and enforcement actions occurring at the federal level as a result of congressional investigations and the recent federal bankruptcy law changes. Further, the National Conference of Commissioners on Uniform State Laws is in the process of adopting a uniform act in this area, which should be considered prior to legislation in California. In addition, the bill creates too small of a program to justify a new licensing law, with only 52 organizations currently complying with the filing requirement to claim the licensing exemption under existing law. Finally, the bill fails to evade state licensing and notice filing requirements, and instead places costly regulatory requirements on the legitimate charitable organizations that are the least likely to engage in abusive practices towards debtors.

Sincerely,

Arnold Schwarzenegger